The Watershed

The Latest Happenings in Indiana’s State Revolving Fund Loan Program

Spring 2013

In this issue:

- Message from the Director
- SRF Interest Rates
- Submit Application NOW for 2014 Funding
- How to avoid a Non-Use Fee
- Indiana ARRA funds are fully disbursed!
- BANs- What you need to know
- Scheduling Pre-Construction Meetings
- Davis-Bacon Requirements
- Contract Change Orders or Work Allowances
- DW Project Highlights
- Clean Watershed Needs Survey
- SRF Staff Directory

The SRF is excited to announce April Douglas as our new Environmental Reviewer. This position was recently vacated by Amy Henninger, who is now our SRF Compliance Officer.

April has a degree in Geology, and is in the process of securing her Master’s in Geographic Information Science (GIS) from IUPUI. She joins SRF with a background from IDEM’s Office of Land Quality, and IDNR’s Division of Water. Welcome April!

Message from the Director

Spring is an exciting time for everyone. To me, it’s a time to begin to get excited about longer days and warmer weather. For SRF, Spring is a time to prepare for a new round of exciting closings. For communities interested in financing a project with the SRF, Spring is a great time to contact us, learn about the loan options that we can provide, and position your community for our new round of closings which begins on July 1, 2013.

The SRF is here to help interested communities finance important water and sewer infrastructure projects. If you are interested in closing a SRF loan, please contact me at wharkins@ifa.in.gov or 317-234-4862. In the meantime, thank you for taking a look at our Spring 2013 Newsletter. You’ll find articles updating you about current SRF activities, historically low interest rates, programmatic requirements and several project highlights.

As always, please contact the SRF to assist you in financing your infrastructure projects.

Sincerely,

Bill Harkins,
Director of the SRF Loan Program
Submit Application NOW for 2014

The SRF Loan Program’s State Fiscal Year begins July 1, but now is an ideal time to submit an application. When an SRF application is received, staff arranges a project planning meeting, at which time SRF representatives explain our funding process, answer any questions, and learn from the community about the community’s infrastructure needs. Shortly thereafter, the community may prepare and submit a preliminary engineering report for SRF review. All projects with a preliminary engineering report submitted to SRF by July 1, 2013 are eligible for possible SRF State Fiscal Year 2014 funding, making now a perfect time to submit an application!

As a reminder, the SRF Loan Program scores and ranks all preliminary engineering reports in house shortly before July 1 of every year. Drinking Water SRF preliminary engineering reports are scored based on the public health issues that will be addressed by the project; Clean Water SRF preliminary engineering reports are scored based on the water quality benefits resulting from the project. Through analysis of investments and USEPA Capitalization Grants, the SRF Loan Program determines the yearly budget for financing infrastructure projects, referred to as the “Fundable Range.” The Fundable Range is applied to our Project Priority Lists, which are the list of projects seeking assistance from SRF. The projects at the top of a list and within the Fundable Range have priority to close an SRF loan within the first six months of the State Fiscal Year. Project Priority Lists are updated quarterly and the most recent versions may be found on our website (www.srf.in.gov).

Although a community’s preliminary engineering report must be submitted, but not approved by July 1, advance planning ahead is always recommended. Many steps must occur prior to successfully securing financing, such as: conducting a public hearing, surveying, archeological investigations, land acquisition, design, permitting, advertisement of bids, passage of rate and bond ordinances, and preparation of financial due diligence. SRF staff is here to help communities navigate the loan process, and we recommend starting early by submitting an application now!

How to avoid a Non-Use Fee

Spend, Spend, Spend those loan dollars to avoid a Non-Use Fee. A Non-Use Fee is a fee that may be charged by the SRF Loan Program if a loan recipient does not spend its loan funds in a timely manner. Typically, a loan recipient has 2 years from the date of closing the loan to spend down its loan funds and complete its project.

To avoid being assessed a Non-Use Fee a loan recipient should do the following:

A. Spend the loan funds within a 2-year period from the date of loan closing; or

B. Contact the SRF Loan Program if the loan recipient is having trouble spending the funds within a two-year period.

The SRF Loan Program will discuss available options with the loan recipient.

If you have any questions about the Non-Use Fee, please contact Alison Martin at 317-234-3080.
As you recall, the American Recovery and Reinvestment Act of 2009 (ARRA) was an economic stimulus package enacted by Congress in February of 2009. ARRA provided an additional $955 million to Indiana’s SRF Clean Water Program and $27 million to Indiana’s SRF Drinking Water Program for infrastructure improvements with the ultimate goal of creating jobs and boosting the economy.

The SRF Program combined traditional SRF Program funds with ARRA dollars to increase the Program’s lending capacity. The Indiana Finance Authority was able to provide approximately $332 million to Indiana communities for Clean Water projects and $74 million for Drinking Water projects. The SRF Program closed a total of 76 loans that had ARRA dollars as a funding source, and/or ARRA dollars paired with traditional SRF Program funds. By utilizing the funding provided by the SRF Program, Indiana communities saved approximately $287 million as compared to financing the same projects through a traditional open market loans.

ARRA drove the SRF Program to new heights and presented many new challenges. The new challenges were faced head on by both the SRF Program and the ARRA loan recipients. The terms “Buy American” and “Davis Bacon” became a daily part of our vocabulary. Increased reporting requirements coupled with additional government oversights, including site visits from the Office of Inspector General proved both challenging and time-consuming. Nevertheless, we overcame all the hurdles associated with ARRA and now are able to see all the benefits that ARRA bestowed on Indiana.

Approximately 3 years after the enactment of ARRA, more than 45 CW and 30 DW infrastructure projects have been substantially completed.

The SRF Program thanks all the loan recipients and professionals who were involved in working with ARRA. It was no easy task, but all of our efforts paid off!
Davis-Bacon Requirements

A copy of the Davis-Bacon General Wage Decision, as issued by the Department of Labor, must be included in all construction contracts in excess of $2,000. Loan recipients are reminded that the wage rate modification that is in effect on the bid opening date is required to be used. Wage rate modifications are available at http://www.wdol.gov. If the contract is not awarded within 90 days from bid opening, the loan recipient is required to use the wage decision that is in effect at the time of contract award. Therefore, loan recipients are encouraged to award the contract within 90 days of bid opening.

The Labor Standards Administrator (LSA) assigned to the project by SRF will assist the loan recipient with meeting its responsibilities under the Davis-Bacon Act. The LSA will review and verify certified weekly payrolls submitted by each contractor and subcontractor, and conduct on-site employee interviews throughout the duration of construction. Loan recipients are reminded to contact the assigned LSA prior to bidding the project. Additionally, the LSA needs to be contacted for pre-construction meeting participation.

Contract Change Orders or Work Allowances

All change orders must receive SRF approval before SRF may process disbursements which contain change order item(s). Any change order which significantly increases the scope of the approved project or increases the amount of financing may require further environmental review coordination and SRF approval. To ensure eligibility, loan recipients should submit proposed change orders in draft form to SRF prior to the submittal of the executed copy. Also, Work Allowance paperwork must be submitted for eligibility review by SRF prior to the work allowance item(s) appearing on the disbursement for payment.

Scheduling Pre-Construction Meetings

Prior to beginning construction, a pre-construction meeting is held to assist the loan recipient with meeting SRF and EPA requirements. Loan recipients are reminded to coordinate the pre-construction meeting date and time with the SRF engineer assigned to the project(s) at least 10 days in advance.
The Town of Bargersville
New Water Treatment Plant

The Town of Bargersville water treatment plant (WTP) was operating at over 90% of its design capacity and received an early warning letter from the Indiana Department of Environmental Management. The Town’s population of approximately 28,000 people was growing steadily, and peak demands surpassed the WTP’s design capacity. There was also limited space around the WTP and well field to allow for expansion.

In response, the Town completed an SRF financing on June 27, 2011 to fund a new 6.0 MGD WTP that included: two clarifiers, fluidized bed reactor water softening, gravity filters with air scouring technology for backwashing, media blow down pit, backwash water recycle tank, lined backwash storage lagoon, premium efficiency motors, translucent window panels, 100 KW electrical generator, new electrical service and SCADA systems, storm water detention area, and a septic system.

The Town closed a second SRF loan on December 19, 2011 to supply the new WTP with raw water and the system with finished water. These improvements included: three new groundwater wells and a raw water line from the wells to the WTP; a finished water transmission main from the new WTP to the existing Kinder elevated storage; a booster station, plus portable generator at the existing Kinder tank; and water mains. (Continued on Page 6)
Town of Bargersville (continued)

By financing their project through SRF, Bargersville saved approximately $6.6 million as compared to a traditional open market loan.

The project also included several Green Project Reserve components, namely:

1. Air scouring and backwash water recycling processes at the WTP (water efficiency);
2. Energy efficient motors on pumps, lighting, and re-carbonation process at the WTP (energy efficiency);
3. Fluidized bed reactors and ductile iron piping (made from recycled materials) at the WTP (environmentally innovative);
4. 95% energy efficient pumps on the new wells at the well field (energy efficiency);
5. Kinder Tank booster station and water main, the use of which will reconfigure the way the pressure zone operates, thereby causing a reduction in energy usage by 50% (energy efficiency);
6. Finished water transmission main installed using ductile iron made from 95% recycled materials (environmentally innovative).

These improvements will allow the Town to remain in compliance, continue to provide safe drinking water, and meet the demands of the service area.

Yankeetown Water Authority

Water System Repairs

The Yankeetown Water Authority serves 1,500 people in Warrick County. The Indiana Department of Environmental Management recommended that Yankeetown find an alternate water source in order to provide redundancy in supply for the system. The water distribution system had experienced many issues in the past making it difficult to provide sufficient volume and pressures to customers. For example, places in the distribution system suffered from frequent breaks, thought to be due to poor construction conditions during initial installation. Furthermore, during the summer of 2009, the system experienced a major leak. The wells and water treatment plant were unable to supply enough water to fill the elevated storage tanks and maintain pressure throughout the system. The utility estimated 30% water loss.

In response, Yankeetown negotiated a water purchase agreement with a neighboring utility and installed the necessary mains to connect. Yankeetown also replaced small and structurally unsound water mains in the distribution system. The total length of pipe installed was approximately 33,000 feet. Yankeetown estimates that the replacement of the leaky water mains will reduce water loss to 22%.

The Yankeetown financed the project via two SRF loans. The SRF assistance totaled $2,245,000. By financing their project through SRF, Yankeetown saved approximately $1.1 million as compared to a traditional open market loan. The project also included an interest rate break through the Green Project Reserve Program.

These improvements will allow the Yankeetown Water Authority to reduce its water loss and continue to provide reliable and safe water to its customers.

Clean Watershed Needs Survey

The Clean Watershed Needs Survey (CWNS) is a comprehensive assessment of the capital needs to meet the water quality goals set in the Clean Water Act. This assessment is completed by states every four years and is used by EPA to document national needs in a Report to Congress. The Report provides Congress with information to assist its budgeting efforts. Indiana’s preliminary results show an increase in needs over the 2008 Needs Survey. This is significant as it demonstrates to Congress our continued need for funds across our state. Provided survey forms, capital improvement plans, engineering reports, and cost estimates that were submitted were helpful in documenting both infrastructure needs and costs. The data is now being analyzed and the final report to Congress is expected in the spring of 2014. Thank you to all the wastewater systems that participated in the 2012 CWNS. If you have questions, please contact Shelley Love, Wastewater SRF Program Administrator at 317-232-4396, slove@ifa.in.gov
The State Revolving Fund (SRF) Loan Programs provide low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The SRF Programs, administered by the Indiana Finance Authority, protect both public health and the environment.

Indiana State Revolving Fund Loan Program
100 N. Senate Avenue, Room 1275
Indianapolis, Indiana 46204
Phone: (317) 234-1279
Fax: (317) 234-1338